

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Mark Acton, Vice Chairman;
Nanci E. Langley; and
Robert G. Taub

Ionia Post Office
Ionia, Missouri

Docket No. A2011-64

ORDER AFFIRMING DETERMINATION

(Issued December 29, 2011)

I. INTRODUCTION

On December 15, 2011, the Postal Service advised the Commission that it “will delay the closing or consolidation of any Post Office until May 15, 2012.”¹ The Postal Service further indicated that it “will proceed with the discontinuance process for any Post Office in which a Final Determination was already posted as of December 12, 2011, including all pending appeals.” *Id.* It stated that the only “Post Offices” subject to closing prior to May 16, 2012 are those that were not in operation on, and for which a Final Determination was posted as of, December 12, 2011. It affirmed that it “will not close or consolidate any other Post Office prior to May 16, 2012.” *Id.* Lastly, the Postal

¹ United States Postal Service Notice of Status of the Moratorium on Post Office Discontinuance Actions, December 15, 2011 (Notice).

Service requested the Commission “to continue adjudicating appeals as provided in the 120-day decisional schedule for each proceeding.” *Id.*

The Postal Service’s Notice outlines the parameters of its newly announced discontinuance policy. Pursuant to the Postal Service’s request, the Commission will fulfill its appellate responsibilities under 39 U.S.C. § 404(d)(5).

On September 6, 2011, William Smart, Mayor, City of Ionia, (Petitioner) filed a petition with the Commission seeking review of the Postal Service’s Final Determination to close the Ionia, Missouri post office (Ionia post office).² The Final Determination to close the Ionia post office is affirmed.

II. PROCEDURAL HISTORY

On September 9, 2011, the Commission established Docket No. A2011-64 to consider the appeal, designated a Public Representative, and directed the Postal Service to file its Administrative Record and any responsive pleadings.³

On September 21, 2011, the Postal Service filed the Administrative Record with the Commission.⁴ The Postal Service also filed comments requesting that the Commission affirm its Final Determination.⁵

Petitioner filed a participant statement supporting his petition.⁶ On December 15, 2011, the Public Representative filed comments.⁷

² Petition for Review received from William Smart, Mayor, City of Ionia regarding the Ionia, Missouri Post Office, 65335, September 6, 2011 (Petition).

³ Order No. 847, Notice and Order Accepting Appeal and Establishing Procedural Schedule, September 9, 2011.

⁴ The Administrative Record is attached to the United States Postal Service Notice of Filing, September 21, 2011. The Administrative Record includes, as Item No. 47, the Final Determination to Close the Ionia, MO Post Office and Continue to Provide Service by Highway Contract Route Service (Final Determination).

⁵ United States Postal Service Comments Regarding Appeal, October 31, 2011 (Postal Service Comments).

⁶ Participant Statement Received from William Smart, October 12, 2011 (Participant Statement).

⁷ Comments of the Public Representative, December 15, 2011 (Public Representative Comments).

III. BACKGROUND

The Ionia post office provides retail postal services and service to 32 post office box customers. Final Determination at 2. No delivery customers are served through this post office. *Id.* The Ionia post office, an EAS-55 level facility, has retail access hours of 10:30 a.m. to 1:30 p.m., Monday - Friday, and 10:30 a.m. to 12:30 p.m. on Saturday. Final Determination at 2. Lobby access hours are the same as retail access hours. *Id.*

The postmaster position became vacant on May 9, 2008 when the Ionia postmaster was promoted. *Id.* A non-career officer-in-charge (OIC) was installed to operate the post office. *Id.* Retail transactions averaged 7 transactions daily (8 minutes of retail workload). *Id.* Post office receipts for the last 3 years were \$10,769 in FY 2008; \$8,074 in FY 2009; and \$6,462 in FY 2010. *Id.* There were no permit or postage meter customers. *Id.* By closing this post office, the Postal Service anticipates savings of \$9,563 annually. *Id.* at 6.

After the closure, retail services will be provided by the Green Ridge post office, located approximately 14 miles away.⁸ Delivery service will be provided by rural carrier through the Green Ridge post office. *Id.* at 2 The Green Ridge post office is an EAS-16 level post office, with retail hours of 8:30 a.m. to 11:00 a.m. and 1:00 p.m. to 4:45 p.m. Monday through Friday, and 7:00 a.m. to 8:45 a.m. on Saturday. *Id.* Fifty-eight post office boxes are available. *Id.* The Postal Service will attempt to continue to use the Ionia name and ZIP Code. *Id.* at 3, Concern No. 4.

IV. PARTICIPANT PLEADINGS

Petitioner. Petitioner opposes the closure of the Ionia post office. He argues the proposal will not provide a maximum degree of effective and regular postal service to this rural area as required by the Postal Reorganization Act. In addition, he contends

⁸ *Id.* at 8. MapQuest estimates the driving distance between the Ionia and Green Ridge post offices to be approximately 14.1 miles (20 minutes driving time).

the proposal to close the Ionia post office and provide rural delivery service raises questions about the sanctity of the mail. He also asserts it will be inconvenient to purchase money orders and stamps, and to send and receive accountable mail. Petition at 1.

Petitioner also claims the major contributing factor to the decision to close the Ionia post office is that the Ionia post office is operating at a deficit. Finally, Petitioner notes some errors in the Final Determination, including the fact that the survey of the Ionia post office was taken during the week of a 21 inch snow fall, the fact that Ionia is in Benton County (not Henry County as referenced in Section II of the Final Determination) and the fact that there are some businesses located in the Ionia community, including Ark Manufacturing, Producers Exchange (a major grain handler for Central Missouri), Beeson's Garage, Southard's Small Engine Repair, and All American Heating and Cooling. Participant Statement at 2.

Postal Service. The Postal Service argues that the Commission should affirm its determination to close the Ionia post office. Postal Service Comments at 2. The Postal Service believes the appeal raises four main issues: (1) the effect on postal services; (2) the impact on the Ionia community; (3) the calculation of the economic savings expected to result from discontinuing the Ionia post office; and (4) the impact upon postal employees. *Id.* at 1. The Postal Service asserts that it has given these and other statutory issues serious consideration and concludes the determination to discontinue the Ionia post office should be affirmed. *Id.* at 2.

The Postal Service explains that its decision to close the Ionia post office was based on several factors, including:

- the postmaster vacancy;
- a minimal workload and declining post office revenue;
- a variety of other delivery and retail options (including the convenience of rural delivery and retail service);
- very little growth in the area;
- minimal impact on the community; and

- expected financial savings.

Id. at 5. The Postal Service contends that it will continue to provide regular and effective postal services to the Ionia community when the Final Determination is implemented. *Id.*

The Postal Service also asserts that it has followed all statutorily required procedures and addresses the concerns raised by Petitioner regarding the effect on postal services, effect on the Ionia community, economic savings, and effect on postal employees. *Id.* at 3. The Postal Service states Petitioner's concern about the sanctity of the mail is countered by the fact the postal inspection service reported no theft or vandalism in the suspended post office area. In addition, the Postal Service states customers may put a lock on their mail box as long as the box has a slot large enough to accommodate the customer's normal daily mail volume. Customers who are concerned about safety can leave a note for the carrier to sound his/her horn when they arrive in order to transact financial business. *Id.* at 7.

The Postal Service further states the rural carrier can provide services such as purchase of money orders or stamps. In addition, carriers will deliver accountable mail to the residence if the customer lives less than one-half mile from the line of travel. *Id.* The Postal Service also points out that even if Ionia customers do not have computers, they can purchase stamps from the Stamps by Mail program. *Id.* at 8.

The Postal Service acknowledges some inaccuracies in the Final Determination as noted by Petitioner, however, the Postal Service contends those errors are minor and provide no basis for changing the Final Determination. *Id.* at 10. Finally, the Postal Service contends its determination was not based solely on the question of whether or not the Ionia post office is operating at a deficit. The Postal Service states that it analyzed many factors before determining that a maximum degree of effective and regular postal services could be provided to the area and community with contract route service. *Id.* at 12.

Public Representative. The Public Representative states that after careful review of the record in this matter, he concludes that the Postal Service followed all applicable

procedures. In addition, the Public Representative concludes that the decision to close the Ionia post office is neither arbitrary nor capricious, and it is supported by substantial evidence of record. Public Representative Comments at 1.

V. COMMISSION ANALYSIS

The Commission's authority to review post office closings is provided by 39 U.S.C. § 404(d)(5). That section requires the Commission to review the Postal Service's determination to close or consolidate a post office on the basis of the record that was before the Postal Service. The Commission is empowered by section 404(d)(5) to set aside any determination, findings, and conclusions that it finds to be (a) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law; (b) without observance of procedure required by law; or (c) unsupported by substantial evidence in the record. Should the Commission set aside any such determination, findings, or conclusions, it may remand the entire matter to the Postal Service for further consideration. Section 404(d)(5) does not, however, authorize the Commission to modify the Postal Service's determination by substituting its judgment for that of the Postal Service.

A. Notice to Customers

Section 404(d)(1) requires that, prior to making a determination to close any post office, the Postal Service must provide notice of its intent to close. Notice must be given 60 days before the proposed closure date to ensure that patrons have an opportunity to present their views regarding the closing. The Postal Service may not take any action to close a post office until 60 days after its determination is made available to persons served by that post office. 39 U.S.C. § 404(d)(4). A decision to close a post office may be appealed within 30 days after the determination is made available to persons served by the post office. 39 U.S.C. § 404(d)(5).

The record indicates the Postal Service took the following steps in reaching its Final Determination. On February 18, 2011, the Postal Service distributed

questionnaires to customers regarding the possible change in service at the Ionia post office. Final Determination at 2. A total of 50 questionnaires were distributed and 24 were returned. *Id.* On February 24, 2011, the Postal Service held a community meeting at the Ionia post office to address customer concerns. *Id.* Thirty-one customers attended. *Id.*

The Postal Service posted the proposal to close the Ionia post office with an invitation for comments at the Ionia, Cole Camp, and Green Ridge post offices from March 13, 2011 through May 19, 2011. Final Determination at 2. The Final Determination was posted at the same three post offices from July 29, 2011 through August 30, 2011. *Id.* at 1, 8.

The Postal Service has satisfied the notice requirements of 39 U.S.C. § 404(d).

B. Other Statutory Considerations

In making a determination on whether or not to close a post office, the Postal Service must consider the following factors: the effect on the community; the effect on postal employees; whether a maximum degree of effective and regular postal service will be provided; and the economic savings to the Postal Service. 39 U.S.C. § 404(d)(2)(A). The Postal Service must also comply with the provisions of 39 U.S.C. § 101(b), which prohibits closing any small post office solely for operating at a deficit.

Effect on the community. Ionia, Missouri is an unincorporated community located in Benton County, Missouri. Administrative Record, Item No. 16. The community is administered politically by the City of Ionia. *Id.* Police protection is provided by Benton County. *Id.* Fire protection is provided by the Ionia Volunteer Fire Department. *Id.* The community is comprised of farmers, disabled veterans, and unemployed persons as well as those who work in local businesses or commute to work in nearby communities. *Id.* Residents may travel to nearby communities for other supplies and services. See *generally* Administrative Record, Item No. 22 (returned customer questionnaires and Postal Service response letters).

As a general matter, the Postal Service solicits input from the community by distributing questionnaires to customers and holding a community meeting. The Postal Service met with members of the Ionia community and solicited input from the community with questionnaires. In response to the Postal Service's proposal to close the Ionia post office, customers raised concerns regarding the effect of the closure on the community. Their concerns and the Postal Service's responses are summarized in the Final Determination. Final Determination at 5-6.

Petitioner notes several discrepancies in the Final Determination, including the omission of several community businesses and the erroneous statement that Ionia is located in Henry County. The Postal Service responds that although the county name was incorrectly identified in the first sentence of Section II of the Final Determination, this was a minor error since Benton County was correctly noted in all other instances. Postal Service Comments at 10. In addition, the Postal Service states that it is helping to preserve community identity by attempting to continue the use of the post office name and ZIP Code in addresses and in the National Five-Digit ZIP Code and Post Office Directory. *Id.*

The erroneous county listed in one place in the Final Determination is a minor error since it was correctly identified in all other places. Furthermore, the omission of several businesses in the Final Determination does not counter the Postal Service's determination that regular and effective postal service will continue to be provided to the Ionia community.

The Postal Service has adequately considered the effect of the post office closing on the community as required by 39 U.S.C. § 404(d)(2)(A)(i).

Effect on employees. The Postal Service states that the Ionia postmaster was promoted on May 9, 2008 and that an OIC has operated the Ionia post office since then. Final Determination at 2, Postal Service Comments at 13. It asserts that after the Final Determination is implemented, the temporary non-career OIC may be separated from the Postal Service and that no other Postal Service employee will be adversely affected. *Id.*

The Postal Service has considered the possible effects of the post office closing on the OIC and has satisfied its obligation to consider the effect of the closing on employees at the Ionia post office as required by 39 U.S.C. § 404(d)(2)(A)(ii).

Effective and regular service. The Postal Service contends that it has considered the effect the closing will have on postal services provided to Ionia customers. Postal Service Comments at 5. The Postal Service asserts that customers of the closed Ionia post office may obtain retail services at the Green Ridge post office, located 14 miles away. Final Determination at 8. Delivery service will be provided by rural or contract delivery carrier through the Green Ridge post office. *Id.* The Ionia post office box customers may obtain post office box service at the Green Ridge post office, which has 58 boxes available. *Id.* at 2.

For customers choosing not to travel to the Green Ridge post office, the Postal Service explains that retail services will be available from the carrier. *Id.* at 2-4. The Postal Service adds that it is not necessary to meet the carrier for service since most transactions do not require meeting the carrier at the mailbox. *Id.*

Petitioner contends the proposal raises questions about the sanctity of the mail. The Postal Service notes there have been no reports of vandalism and customers can put a lock on their mail boxes. Postal Service Comments at 6. The Postal Service also explains that all the services noted by Petitioner, including purchasing money orders and stamps, and sending and receiving of accountable mail may be obtained from the carrier. The Postal Service also notes it is not necessary for the customer to be present to conduct most Postal Service transactions with the carrier. *Id.* at 3-4.

In response to Petitioner's concern that over 80% of the homes in the Ionia community do not have computers, the Postal Service explains that in addition to obtaining postal services from the carrier or at a nearby post offices, the customer can use Stamps by Mail program with a form available from the post office or the carrier. Postal Service Comments at 8.

The Postal Service has considered the issues raised by customers concerning effective and regular service as required by 39 U.S.C. § 404(d)(2)(A)(iii).

Economic savings. The Postal Service estimates total annual savings of \$9,653. Final Determination at 6. It derives this figure by summing the following costs: postmaster salary and benefits (\$10,246) and annual lease costs (\$2,040) minus the cost of replacement service (\$2,723). *Id.*

The Commission has previously stated that the Postal Service should not compute savings based on compensation costs unless there is a reasonable assurance that closing will actually eliminate those costs. The Ionia post office postmaster was promoted in May 2008. Final Determination at 1. The post office has since been staffed by a non-career OIC who, upon discontinuance of the office, may be separated from the Postal Service. The postmaster position and the corresponding salary will be eliminated. See, e.g., Docket No. A2011-67 United States Postal Service Comments Regarding Appeal, October 24, 2011, at 10; and Docket No. A2011-68, United States Postal Service Comments Regarding Appeal, November 2, 2011, at 13. Furthermore, notwithstanding that the Ionia post office has been staffed by an OIC for more than 3.5 years, even assuming the use of the presumably lower OIC salary, the Postal Service would have satisfied the requirements of section 404(d)(2)(A)(iv).

Petitioners argue the Ionia post office which is open only three hours a day, Monday through Friday and only two hours on Saturday cannot be a major financial burden on the Postal Service. Participant Statement at 2. The Postal Service states that a variety of factors informed the decision to discontinue the Ionia post office, including the postmaster vacancy, minimal workload, declining post office revenue, the variety of delivery and retail options (including the convenience of rural delivery and retail service), very little growth in the area, minimal impact upon the community and expected financial savings. Postal Service Comments at 12.

The Postal Service has satisfied the requirement that it consider economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

Section 101(b). Section 101(b) prohibits closing any small post office solely for operating at a deficit. Petitioner alleges that a major contributing factor in the decision to close the Ionia post office is for operating at a deficit. Participant Statement at 2.

To be sure, economics plays a role in the Postal Service's decision. However, it has not been shown that the Postal Service's determination violates section 101(b). In addition to considering workload at the Ionia post office (revenues declining and averaging only 7 retail transactions per day), the record shows the Postal Service took into account other factors such as the postmaster vacancy, decline in workload, the area's minimal growth in recent years, and that effective and regular service can be provided through rural route service. Final Determination at 2. In addition, it considered the alternate delivery and retail options available to customers. *Id.* at 2-8.

The Postal Service did not violate the prohibition in section 101(b) on closing the Ionia post office solely for operating at a deficit.

VI. CONCLUSION

The Postal Service has adequately considered all requirements of 39 U.S.C. § 404(d). Accordingly, the Postal Service's determination to close the Ionia post office is affirmed.

It is ordered:

The Postal Service's determination to close the Ionia, Missouri post office is affirmed.

By the Commission.

Shoshana M. Grove
Secretary

DISSENTING OPINION OF CHAIRMAN GOLDWAY

I dissent in this case.

The Administrative Record is inaccurate with regard to economic savings. As such, the Postal Service has not adequately considered economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service argues that savings should be calculated based on a fulltime postmaster's salary. Yet the Ionia post office has been operated by an OIC since 2008. On the one hand the Postal Service argues that the effect on employees of this closing will be minimal, yet on the other hand, it argues that the savings should be calculated using a fulltime position. There are inherent and blatant contradictions in the record that must be corrected on remand.

It is not the statutory responsibility of the Postal Regulatory Commission to correct the record for the Postal Service and certainly not to make its own surmise about what and/or whether there would be savings if accurate data was in the record.

Therefore, the decision to close should be remanded to the Postal Service to correct the record and present a more considered evaluation of potential savings.

There is some question as to whether the Postal Service has adequately assessed the effect on service, given the distances between the Ionia post office and those that are offered as substitutes. The Cole Camp post office is a driving distance of 9.8 miles from the Iona post office, but it is the Green Ridge post office at a 13.7 mile driving distance that serves as the administrative office. Patrons wishing to pick up any undelivered items requiring pickup must travel to Green Ridge during business hours to get them before the items are returned to the sender.

Several members of Congress have publicly expressed concern that post offices that are 10 miles apart should be maintained in rural areas. The Postmaster General

has expressed interest in finding other ways to serve such distant post offices rather than close them altogether. This closing should be reconsidered.

The Postal Service in its communications with customers indicated that it planned to substitute Rural Route Service to customers of the Ionia post office. However, the Final Determination identified a different category, Highway Contract Route (HCR) Service, as the substituted service. HCR is not the same as Rural Route Delivery. A petitioner asserted that more than 80% of Ionia households do not have access to internet service, meaning that the range of services provided by the “post office on wheels” are even more important.

Moreover, the Postal Service recently announced a moratorium on post office closings.

It is confusing and perhaps unfair to require some citizens whose post offices have received a discontinuance notice as of December 12, 2011 to gather evidence and pursue an appeal to the Commission, while others whose post offices were in the review process, but had not yet received a discontinuance notice by December 12, 2011, have the respite of a five month moratorium.

The citizens of Ionia, Missouri and their concerns regarding the loss of a neighborhood post office should be afforded the same opportunity to be heard and considered as the citizens of the approximately 3,700 post offices fully covered by the moratorium.

Ruth Y. Goldway

DISSENTING OPINION OF COMMISSIONER LANGLEY

The Postal Service did not adequately consider the economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service should take into consideration that a non-career postmaster relief (PMR) has been in charge of this facility since October 2008, not an EAS-55 postmaster, and reflect the PMR's salary and benefits in its cost savings analysis.

As a government entity, the Postal Service should ensure that its cost/benefit analysis accurately identifies capturable cost savings and does not overstate savings.

I find that the Postal Service's decision to discontinue operations at the Ionia post office is unsupported by evidence on the record and thus, should be remanded.

Nanci E. Langley